

## **IN THE CLAIMS:**

A complete listing of the claims is set forth below. Please amend the claims as follows:

1. **(Currently Amended)** A computer-implemented method of valuing products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, assigning a price to each of a plurality of products, each product comprising ~~one or more~~ a plurality of product components;

using one or more processing units, assigning a demand probability value to each product;

using one or more processing units, calculating a component value for each component by performing the following steps:

(a) assuming a beginning value for each component;

(b) for a first component, calculating prorated values, such that for each product using that component, a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components;

(c) calculating a component value as a function of the prorated values and the probability values;

(d) repeating steps (b) and (c) for all other components;

(e) determining whether the component values converge; and

(f) if any component value does not converge, using the calculated component value as the beginning component value and repeating steps (b) through (e) for that component; and

using one or more processing units, calculating a value for each product, based on the results of the preceding step, by summing the component values of all components of that product.

2. **(Previously presented)** The method of Claim 1, wherein step (c) is performed by multiplying probability values by prorated values.

3. **(Previously presented)** The method of Claim 1, wherein step (c) is performed by obtaining a sum of products of probability values and prorated values.

4. **(Previously presented)** The method of Claim 1, wherein the probability values include both the probability of demand for a product and the probability that demand will arrive in a certain order relative to other products.

5. **(Previously presented)** The method of Claim 1, wherein the method is performed to value non-standard products and assigning prices to products is performed by assigning prices of standard products.

6. **(Currently amended)** A computer-implemented method of pricing an order for a product based on varying lead times during a specified time period, the method being performed using one or more processing units, the method comprising:

using one or more processing units, calculating a set of values for a product over a range of available supplies of the product;

using one or more processing units, determining a size Q of the order;

using one or more processing units, selecting a set of order points during a time horizon, each order point having a lead time LT to the next order point;

for a first order point, calculating, using one or more processing units, an incremental production quantity as  $Q/LT$ , and calculating revenue displaced by the incremental production quantity using the product values;

repeating the preceding step for each other order point;

calculating, using one or more processing units, an average displaced revenue; and

calculating, using one or more processing units, the price for the order, using the results of the preceding step.

7. **(Previously presented)** The method of Claim 6, wherein:  
the product has multiple components; and  
the method further comprises repeating all steps for each component and summing the results.

8. **(Currently Amended)** The method of Claim 7, wherein calculating the price for the order comprises using one or more processing units for:

- (a) assuming a beginning value for each component;
- (b) for a first component, calculating prorated values, such that for each product using that component, a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components;
- (c) calculating a component value as a function of the prorated values and the probability values;
- (d) repeating steps (b) and (c) for all other components;
- (e) determining whether the component values converge;
- (f) if any component value does not converge, using the calculated component value as the beginning component value and repeating said steps (b) through (e) for that component; and
- (g) summing the values of all the components.

9. **(Previously presented)** The method of Claim 6, wherein the displaced revenue is calculated by integrating a curve representing the set of product values.

10. **(Previously presented)** The method of Claim 6, wherein the displaced revenue is calculated as the difference between a total potential revenue, determined from the product values for all available supplies  $S$ , and the total potential revenue for  $S - Q$ .

11. **(Currently Amended)** A computer-implemented method of pricing make-to-order products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, assigning a demand probability value to each of a plurality of products, each product having an associated delivery time and price;

using one or more processing units, calculating an expected revenue from the products for at least two available capacities, the expected revenue being a function of the demand probability values and the prices; and

using one or more processing units, calculating an asking price for each of the

products as the difference between its expected revenue from successive available capacities.

12. **(Previously presented)** The method of Claim 11, wherein the expected revenue is calculated as a sum of products of the probability values and the prices.

13. **(Previously presented)** The method of Claim 11, wherein the expected revenue is calculated from a binary tree representing the probability values and the prices.

14. **(Previously presented)** The method of Claim 11, wherein the expected revenue is calculated for each product in response to a product control policy.

15. **(Currently Amended)** The method of Claim 11, further comprising comparing, using one or more processing units, the asking price for different products at a given capacity.

16. **(Currently amended)** Valuation software for valuing manufactured products embodied in a computer- readable medium and operable to perform the following steps:

assigning a price to each of a plurality of products, each product comprising one or more product components;

assigning a demand probability value to each product;

calculating a component value for each component by performing the following steps:

(a) assuming a beginning value for each component;

(b) for a first component, calculating prorated values, such that for each product using that component, a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components;

(c) calculating a component value as a function of the prorated values and the probability values;

(d) repeating steps (b) and (c) for all other components;

(e) determining whether the component values converge; and

(f) if any component value does not converge, using the calculated component value as the beginning component value and repeating steps (b) through (e) for that component; and

calculating a value for each product, based on the results of the preceding step, by summing the component values of all components of that product.

17. **(Previously presented)** The valuation software of Claim 16, wherein each product has an associated lead time and wherein calculating a value for each product further comprises using the lead time values and the component values to determine product values.

18. **(Previously presented)** The valuation software of Claim 16, wherein each product has an associated delivery time and wherein calculating a value for each product comprises using the delivery time values and the component values to determine product values.

19. **(Previously presented)** The valuation software of Claim 16, further operable to use the product values to determine whether to accept orders for products.